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Canada War-time Information Board
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CANADA AT WAR

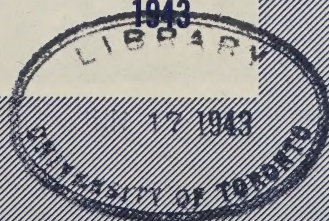


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No. 25

JUNE

1943





Stepping Stone to Europe



ALREADY ear-marked as one of the most important international airports in the world, the new Canadian air base in Labrador lies near the great circle route and already has proved its value as a stepping stone to Europe.

Located at Goose Bay near Hamilton Inlet in Newfoundland territory of Labrador, the base was nothing but silent, wooded, almost uninhabited country two years ago. Today it is an important Royal Canadian Air Force airdrome primarily for use of the Royal Air Force Ferry Command in ferrying planes across the Atlantic.

It is expected the area will be

leased to Canada on a 99-year basis.

The site was reported in the summer of 1941 by the Dominion government geodetic survey, and by September 18 of that year a government icebreaker took in the first construction supplies. Construction work for both Canadian and United States governments is being done by an Ontario company under the supervision of the federal Department of Transport.

Dock Soon Built

Within three weeks a permanent dock was built. Roads and runways were cleared through the forest, and a sawmill was set

up. Late in November usable runways were completed, and the first land plane flew in and landed on December 9, 1941.

In March, 1942, the base became officially an R.C.A.F. station. The Canadian Army came in June, 1942, to set up defence establishments. The airdrome was completed in October, 1942.

Ferry In Supplies

An R.C.A.F. Transport Squadron was organized for the special purpose of ferrying in supplies from Canada and has landed 1,200,000 pounds of freight without loss of cargo or damage to planes. Members of the Women's Division, R.C.A.F., are on duty with the transport squadron, and one of their most important services is giving weather reports.

The airdrome has been one of the biggest and fastest construction jobs undertaken and completed by Canada in this war. To date the cost is estimated unofficially at about \$15,000,000. Diesel power has been used throughout the project.

The airdrome was built on a great plateau of sand of unplumbed depth without the assistance of a single stick of dynamite. Because of the natural

sand base with absolutely no rock, the site is perfect for the great concrete runways. More than 6,000 feet in length, they were laid easily. Their drainage is perfect, and it will be easy to extend them when future needs require.

Supply Difficulty

The major difficulty in construction was bringing in supplies and construction equipment. The great distance from the supply source, the U-boat menace along the sea route of supply and the low temperature prevailing most of the year make it necessary to bring in most of the supplies by air transport. Water navigation to the base is not open more than three or four months of the year, but more than 100,000 tons of supplies nevertheless have been freighted in by boat.

Water supply at the base is excellent. The United States camp obtains its supply from natural springs, and the remainder of the base from the adjacent river. The airdrome possesses 22 miles of water mains and 11 miles of sewers.

Hundreds of Buildings

Contractors have cut and pre-

pared in a sawmill there about 10,000,000 feet of lumber in constructing the base so far. Made from spruce balsam trees growing in the area, the several hundred buildings include a new and well equipped R.C.A.F. hospital, a modern dental clinic, a laundry equipped to handle the needs of a small city, a big Canadian Army field bakery and barracks covering several square miles. The United States detachment has its own complete unit of buildings, including a hospital, a movie theatre which gives three shows daily, six bowling alleys and several canteens.

The base is commanded by a 31-year-old R.C.A.F. officer, originally of Minnedosa, Manitoba, who has been flying since he was 18 and in the R.C.A.F. for nine years. Under him are the R.A.F. detachment commander and a United States Air Transport Command colonel who is handling United States air traffic. As many as 100 aircraft a day are serviced and their crews fed.

Share Quarters

An aerial rescue department is planned, as well as a rescue cruiser for water-rescue operations. The United States de-

tachment moved in early in the summer of 1942 and shared accommodations with men of the R.C.A.F. until its own quarters were ready in December, 1942.

Defence of the base is the work of the Canadian Army. Under the command of a Toronto officer, the army group consists of artillery, infantry, Royal Canadian Engineers, Royal Canadian Army Service Corps, Royal Canadian Ordnance Corps, Royal Canadian Army Medical Corps, Royal Canadian Corps of Signals and a field bakery.

The men are not allowed to attend even divine service without their arms and must not move outside the camp except under full equipment.

Roads Always Open

The army group is being used experimentally to test various pieces of clothing and other equipment believed suitable for warfare in such an area.

Roads are kept open at all times to permit mobility of equipment and of men.

Social life for Canadian servicemen and workers is restricted to movies in the R.C.A.F. officers' mess nightly and winter sports such as hockey, skiing, snowshoeing and hiking. There

are Y.M.C.A. and Knights of Columbus huts providing recreational and canteen facilities, and church services are conducted on Sundays.

The new R.C.A.F. hospital is almost completed, but the medical staff, including nine nursing

sisters, has been working in it without awaiting its completion. Speaking of the entire base, the commander of the United States detachment said:

"The base has the lowest per capita sickness rate of any country our doctors have seen."



Merchant Shipping Policy

DURING the war Canada is manning every merchant ship of its own manufacture that it is possible to man with the trained men available. After the war ships being chartered to the United Kingdom will be reclaimed, and crews will be available for them from among sailors and officers of the Royal Canadian Navy. Two training centres for seamen are being operated.

Under Canada's steel cargo

shipbuilding program more than 300 merchant ships of two types are being built at a cost of approximately \$500,000,000.

These are in addition to escort vessels, for which there is a greater need than ever before for convoy duties. Canada's escort ship construction program is being stepped up, and certain yards are being converted from cargo ships to naval craft.

At present there are close to 20 of the new ships in the mer-

chant marine operated by Canadians under the Canadian flag. By the end of the season it is expected to add a considerable number more. Eventually Canada will have in its merchant fleet more than 200 of the new ships, less sinkings, of the 300 being built.

It is expected the Canadian Merchant Marine will be a substantial source of employment in the post-war years and that it will be of real benefit to Canadian post-war commerce.

Needs Changed

In the House of Commons on May 12 Munitions Minister Howe said that at the beginning of the war Canada had no shipbuilding industry. There were only certain shipyards doing repair work. As the first necessity was to obtain escort vessels and vessels for the defence of Canadian ports, a program of building corvettes and mine-sweepers was begun, and for 18 months this work was carried on at full capacity. As a result the requirements of the Canadian Navy were met to an extent that permitted certain yards to be converted to merchant shipbuilding in mid-1941, when the need of the allied nations for

merchant ships arose.

The construction of two types of ships was undertaken. At the end of 1941 four or five of the first merchant ships had been turned out, and in 1942 more than 1,000,000 tons of merchant ships came out of the yards.

Now Canadian shipyards have been expanded to the point where certain yards can be devoted to naval craft and others to merchant shipbuilding.

Mr. Howe said:

"When our merchant ships began to come out from the yards we had a very acute shortage of United States dollars, and by the Hyde Park agreement it was agreed that the United States would purchase ships from Canada to provide Canada with United States dollars. We have consistently kept all the ships for Canada that we could man. . .

"The situation in regard to exchange is more satisfactory at the moment, and it is not expected that any further ships will be sold to the United States for cash in the near future. In other words, Canada will retain ownership of the balance of the ships built, unless an acute situation arises from a shortage of

United States exchange and it is necessary for us to sell further ships and desirable for the United States to buy those ships."

Only for Duration

At present Canada is chartering ships to the government of the United Kingdom. The title to such ships does not pass from Canada to Britain under last year's billion dollar gift nor under this year's mutual aid plan. At the end of the war they will be reclaimed.

Canada's policy in operating Canadian flag ships in the war period is the same as that followed by Britain and the United States. The ships are not operated directly by Canada, but are turned over to an operating company, which in turn allocates them to existing shipping lines which over the years have operated certain routes from Canada. The ships are chartered for one voyage only, but may be transferred from one operating company to another. They are operated for the Canadian government on a small fee, and their earnings are placed in a special fund to write off the cost of the ships. At the end of the war therefore, a substantial part of

the construction cost will have been paid off through earnings.

Canada built the North Sands type of ship earlier in the war; but is converting the majority of its yards now to the Victory type, which Mr. Howe said was adequate for a 10-knot convoy, the fastest convoy operated today. He termed this ship, capable of making from 12 to 13 knots, as "well designed, well built, simple of construction and capable of mass production, which is most important."

Speed for Post-War

Mr. Howe stated:

"So far as Canada is concerned, we are studying designs for a faster ship that will be suitable for certain trades after the war. We hope to have plans ready and to be able to convert for the production of a certain number of fast ships as soon as the war is over, but to attempt to convert today would mean the loss of a great deal of tonnage which cannot be spared at this time."

Canada's capacity to make the steel that goes into its merchant ships fluctuates according to the need for steel for other things—it could make it all if there were

not other requirements. However, Canada makes all the engines and fittings.

Mr. Howe said Canada's policy at present is to build all the steel merchant ships it possibly can; the position after the war will be reviewed "at that very indefinite time." The cost of building these ships is lower than

in the United States and compares favorably with the cost in the United Kingdom.

The number of merchant seamen certified to date in the central registry at Ottawa is 38,000. The number serving on vessels of Canadian registry listed as missing and presumed dead is 642.



Subsidies

THE Wartime Prices and Trade Board spent \$65,161,507 on import and domestic subsidies since its inception on September 3, 1939, to March 31, 1943. Subsidies are paid "in the interests of the consumer . . . when there is no other way of ensuring adequate supplies of a particular product for the consumer at prices permitted by the price ceiling," Finance Minister Ilsley told the House of Commons on April 23, 1942.

Since the establishment of the price ceiling in December, 1941, the cost-of-living index advanced only 1.8 points to April,

1943; that is 16.7 points above the pre-war level of August, 1939. In World War I, by April, 1918, the cost-of-living had risen 42.5 points above the pre-war level of August, 1914.

Can't Pay Millions

Here is the story behind the subsidies:

Since it would be an impossible administrative task to pay a subsidy directly to millions of consumers, the actual payment is made to producers or dealers on condition that they maintain supplies and carry out the policy of the price ceiling.

Domestic subsidies have been

paid to achieve one or more of four purposes:

1. Alleviation of the "squeeze" due to prices being out of balance in the period on which the price ceiling is based or to compensate for increases in costs which had not been reflected in the "basic period" price.

2. Stimulation of output, as in the case of cheese, milk and butter.

3. Compensation for inventory losses attending an enforced price reduction.

4. Reduction in retail prices: tea, coffee, butter, milk, oranges. Each of these products is included in the cost-of-living index. In the absence of subsidies to reduce food prices, the cost-of-living would have risen and the payment of a cost-of-living bonus to wage earners would have become necessary. This would increase business costs, and the vicious inflationary spiral would be in full swing. Also, by paying subsidies to keep prices down, the entire population is protected against a rise in costs, while the cost-of-living bonus protects only about half the number. Among the groups that do not get a cost-of-living bonus are farmers, small business men and professional persons and

self-employed and those living on pensions.

Carefully Checked

The Commodity Prices Stabilization Corporation (C.P.S.C.), a crown company acting under the direction of the Wartime Prices and Trade Board and responsible to the minister of finance, pays subsidies. Applications for subsidies are subjected to very careful checks, and the C.P.S.C. sends them to the appropriate W.P.T.B. administrators for a further examination of the amount of subsidy claimed. The subsidy should be no greater than the increased costs of the firm concerned, and each branch of trade and industry is required wherever possible to absorb a reasonable proportion of such an increase in costs for the maintenance of the price ceiling. Domestic subsidies are paid on leather footwear, glove and garment leather, groceries, canned goods, strawberries, peaches, milk, butter and butter fat, beef, fertilizer, wood fuel, coffee and tea stocks.

Subsidies on imports are paid when the goods are regarded as essential and the increase in cost is a result of a rise in prices in the country of origin or of increased

shipping costs, and the "squeeze" cannot be otherwise absorbed.

At present subsidies are payable only on the following classes of imports:

1. Consumer goods, i.e., goods for personal or household use or consumption and machinery tools and equipment for the use of farmers and other individuals in their personal trade or occupation.

2. Materials to be used in the production of consumer goods and which form a component part.

3. Such other goods as may be specifically ruled eligible by the board.

Among the cases in which subsidies are not paid are: Direct imports by the consumer; goods exempt from maximum prices in Canada; goods to be re-exported; and goods to be sold to the Department of Munitions and Supply or the government of any other country.

In order to make unnecessary or to reduce subsidy payments import duties or taxes also have been reduced or suspended in a number of cases.

Bulk Purchases

The Commodity Prices Stabilization Corporation purchases Canadian requirements of tea, coffee, cocoa beans, bristles, beeswax, spices, dried fruits, fertilizers, pesticides, oils and fats and certain types of cotton fabrics and sells them, despite increased costs, at prices appropriate to the retail ceiling. Economies resulting from centralized buying through a single government agency have made it possible to keep trading losses to a minimum. Trading losses incurred by the C.P.S.C. up to February 28, 1943, totalled \$2,-111,383. Bulk purchasing is also necessary because in many instances it is possible to obtain supplies only under the terms of an international agreement which requires that purchases must be made by a single agency.

Bulk purchases of domestic products such as beef are made primarily to safeguard a necessary supply to the Canadian consumer by controlling a threatened drain to export markets; or in the case of wool to encourage domestic production.



FACTS AND FIGURES

A Record of Canadian Achievement in War

ARMED FORCES

	Navy	Army	Air Force	Total
Present strength (more than)....	61,000	455,000	180,000	696,000
Pre-war strength (more than)....	1,700	4,500	4,000	10,200



NAVY

"I have this hope, and I believe it will be justified, that just as the enemy failed in 1917 to break our sea line, so he will fail in 1943.

"The Canadian Navy has undertaken a task of great difficulty and responsibility. It will strain every muscle and every nerve to discharge that task successfully."

HON. ANGUS L. MACDONALD, *Minister of National Defence for Naval Services.*

Present strength.....	More than	61,000
Pre-war strength.....	" "	1,700

THE ROYAL CANADIAN NAVY and the Royal Navy have been made responsible for all convoy protection work on the vital North Atlantic route. It is on this water life-line that food and war supplies travel to the United Kingdom, and its maintenance is a prime consideration in the United Nations' global plans for war.

The Canadian Navy's duties in this work have been steadily expanded since the outbreak of war until now nearly one-half of the protection of merchant shipping is provided by the R. C.N.

While the United States will retain strategic responsibility for the Western Atlantic, including escort operations not related to

British trade convoys and local Canadian traffic, complete charge of trade convoys from North-western Atlantic ports to the United Kingdom has been assumed by Canada and Great Britain. United States escort vessels are continuing to assist Canadian and British forces.

In this convoy work the navy is assisted by the air forces of Canada, Britain and the United States. All operations are closely co-ordinated.

Since the outbreak of war more than 13,000 merchant vessels have carried more than 77,000,000 deadweight tons of shipping across the Atlantic, and the Royal Canadian Navy has been responsible for a substantial proportion of the escort work.

The Canadian Navy has four different parts to play in the sea warfare of the United Nations:

1. Protection of merchant shipping.
2. Protection of Canadian shores.
3. Destruction or capture of enemy merchant and fighting ships.
4. Blockade.

The Royal Canadian Navy

operates more than 500 vessels of the following types: Destroyers, corvettes, auxiliary cruisers, minesweepers, patrol vessels and small craft fitted for the many duties of modern sea warfare.

The greatest strength of the Royal Canadian Navy lies in its corvettes, which are small and especially designed for escort and anti-submarine duties.

Although primarily a navy of small ships designed for convoy protection, the R.C.N. is building up a destroyer fleet which will be no small contribution to the offensive power of the United Nations. A flotilla of eight Tribal class destroyers is being built for the Royal Canadian Navy. Already two ships of this class, the *Athabaskan* and the *Iroquois*, have been commissioned and are in service, manned by Canadian seamen.

In addition to the Women's Royal Canadian Naval Service, there are three personnel components of the Canadian Navy: The Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve. The R.C.N. is the permanent core of the organization. The R.C.N.R. is composed of persons who have

followed the sea as a profession. The R.C.N.V.R. is made up of civilians who, in peace-time, were not employed in occupations connected with the sea,

but who have been given training to serve afloat.

At May 24, 1943, the navy was made up of the following:

	Officers	Ratings	Total
R.C.N.....	699	3,392	4,091
R.C.N.R.....	960	5,016	5,976
R.C.N.V.R.....	4,672	46,342	51,014
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TOTAL.....	6,331	54,750	61,081
Less divisional strength (reserve, on call for active service)....	362	2,194	2,556
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TOTAL.....	5,969	52,556	58,525
W.R.C.N.S.....	125	2,470	2,595
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TOTAL ACTIVE SERVICE....	6,094	55,026	61,120

Members of the R.C.N.V.R. enter the navy for the duration through one of the 18 R.C.N.V.R. divisions at Calgary, Charlottetown, Edmonton, Hamilton, Kingston, London, Montreal (2), Ottawa, Port Arthur, Quebec, Regina, Saint John, Saskatoon, Toronto, Vancouver, Windsor and Winnipeg.

After receiving training at R.C.N.V.R. divisions seamen are sent to coastal centres for more advanced training. Special technical training is given at other centres. There are two training establishments and numerous technical training centres.

The R.C.N. is constantly on

guard in Canadian coastal waters. The monotonous but vital work of submarine patrol is carried on in the St. Lawrence River itself. The R.C.N. works closely with coastal reconnaissance squadrons of the R.C.A.F. in this vital task, and every day minesweepers steam out from Canadian ports to go about their dangerous job.

In the early months of 1939 a third reserve for the navy was formed, drawn from men in the west coast fishing industry. These men know the waters as only fishermen could. Their boats, which they brought with them into the reserve, were built to negotiate the inlets of the coast.

These craft were large and sturdy and were converted easily into patrol boats; but the fishermen's reserve was ready to do more than patrol work. Boats were fitted up for minesweeping, and when the war broke out this dangerous but most essential job was undertaken by them on the west coast.

There are more than 1,400 members of the Royal Canadian Navy serving with the Royal Navy.

Operations of the navy are secret. Occasionally, however, secrecy is relaxed to reveal a successful action against Axis submarines. Some of the vessels which have registered successes against submarines are:

Destroyer H.M.C.S. *Assiniboine*
 Corvettes H.M.C.S. *Chambly* and
 H.M.C.S. *Moose Jaw*
 Corvette H.M.C.S. *Oakville*
 Destroyer H.M.C.S. *Skeena* and
 Corvette H.M.C.S. *Wetaskiwin*
 Destroyer H.M.C.S. *St. Croix*
 Corvette H.M.C.S. *Ville de Quebec*
 Corvette H.M.C.S. *Port Arthur*
 Corvette H.M.C.S. *Regina*
 Corvette H.M.C.S. *Woodstock*
 Corvette H.M.C.S. *Camrose*

Casualties and losses of the R.C.N. to May 24 were as follows:

Killed on active service.....	792
Other deaths.....	110
Wounded or injured.....	160
Prisoners of war.....	6

Losses of the service in ships and where lost follow:

DESTROYERS:

Fraser, Bay of Biscay.
Margaree, Mid-Atlantic.
Ottawa, Mid-Atlantic.

MINESWEEPER:

Bras D'Or, Gulf of St. Lawrence.

PATROL VESSELS:

Otter, Coast of Nova Scotia.
Raccoon, Western Atlantic.

CORVETTES:

Windflower, Western Atlantic.
Spikenard, South of Newfoundland.
Charlottetown, Gulf of St. Lawrence.
Levis, Western Atlantic.
Louisburg, Mediterranean.
Weyburn, Mediterranean.

There are 29 different jobs to which a naval recruit may be assigned or promoted. Men with trade experience — plumbers, painters, blacksmiths, electricians, cooks — and men with stenographic, banking or accounting knowledge readily find a place in the Canadian Navy.

The operations of the Women's Royal Canadian Naval Service are described under "Women," page 39

ARMY PERSONNEL STATISTICS



Pre-war strength.....	More than	4,500
Present strength.....	" "	455,000
Projected intake in year ending March 31, 1944 (for service overseas, 75,000; for service in Canada, 25,000).....	" "	100,000
Canadian Army Overseas.....	" "	190,000
Soldiers sent overseas during year ended March 31, 1943.....	" "	70,000
General Service personnel in Canada available as overseas reinforcements..	" "	100,000
Category "A" personnel called up under National Resources Mobilization Act who could be made available as overseas reinforcements.....	" "	50,000
Strength of army on active service in North American area.....	" "	250,000
General Service personnel in Canada....	" "	185,000
National Resources Mobilization Act personnel.....	" "	65,000
General Service enlistments during year ended March 31, 1943.....	" "	125,000
Enrolment under National Resources Mobilization Act in year ended March 31, 1943 (net after deduction of active service volunteers)	" "	60,000
Projected Active Army strength in North American area at March 31, 1944. Not	" "	235,000
Canadian Women's Army Corps strength	" "	10,500
Veterans' Guard strength.....	" "	10,000
Reserve Army strength.....	" "	100,000
Royal Canadian Army Cadets.....	" "	98,000



ARMY

"The year ahead looks like a year of action. If it is, Canadians will be in the thick of the events for which plans and preparations have long been under way."

HON. J. L. RALSTON, *Minister of National Defence.*



A COMPLETE OUTLINE of United Nations strategy was given to Canada's chiefs of staff in Washington on May 20 and 21. Shortly after Defence Minister Ralston, Chief of the General Staff Lieutenant-General Kenneth Stuart, Chief of Naval Staff Vice-Admiral Percy Nelles and Chief of Air Staff Air Marshal L. S. Breadner arrived there in a Royal Canadian Air Force plane, they met Prime Minister King, Prime Minister Churchill and British and United States military leaders. Mr. King, who had been in Washington since May 18, conferred with Mr. Churchill and President Roosevelt, Field Marshal Sir Archibald Wavell

and other British and United States military and naval leaders. On May 20 he attended a meeting of the Pacific War Council.

For the last three years the task assigned to the Canadian Army Overseas has been to hold the bastions of England against invasion. Hard training and keeping pace with the constantly changing methods of modern warfare have kept the army in fighting trim during those years.

The Canadian Army is ready to go into action as a whole or as individual formations fighting in separate theatres of war when-

ever the strategic planners of the United Nations give the word. Defence Minister Ralston told the House of Commons on May 13 that in personal interviews he had assured Prime Minister Churchill, Secretary for War Sir James Grigg, Chief of the Imperial General Staff Sir Alan Brooke and the previous secretary for war, Captain Margeson, that the Canadian troops in England might be used in whole or in part in any way which would best help to win the war.

The Canadian Army Overseas is made up of two corps, one of three infantry divisions, the other of two armored divisions. Besides these there are large numbers of ancillary or corps troops. Corps troops are concerned with communications, repairs to equipment, transport of supplies, medical and hospital services and many other functions. The Canadian Army has more than 170 of these units mobilized in Canada and England.

Canadian troops are located in strategic defence areas in Newfoundland, Labrador, Alaska and islands adjacent to the West Indies and the east coast of the

United States. These troops are coast artillery units, anti-aircraft units, engineer detachments, signal companies and infantry battalions with supporting services.

Canada has made provision for reinforcement of the overseas units. The army in Canada is the foundation of the overseas organization. The 250,000 Canadian troops in the North American area might be divided roughly into three groups of 80,000 each, classed as operational troops, troops in home war establishments and those in the training stream.

The operational troops defend naval bases, airdromes and ports on the Canadian coasts and vital areas inland. Troops of the home war establishments include the administrative staffs of national defence headquarters at Ottawa and the military districts and coastal commands, staffs of the 87 army training centres and schools across Canada, 7,000 or 8,000 of the Veterans' Guard engaged in guarding internment camps and various service troops. The 80,000 troops in the training stream are those who actually are receiving train-

ing for service in Canada and overseas. It takes at least four months to train a soldier.

Sixty per cent of the general service personnel in home war establishments or on the staffs of training centres in Canada are below category "A" or more than 35 years of age or both. The army is releasing all the men that can be spared from home war establishments in Canada so they may be available for overseas service. Army strength in Canada during the 1943-44 fiscal year will undergo a reduction of 15,000 men, but this does not mean that the army will not need more men. Men recruited for general service will be trained and sent overseas as required.

All Canadian Army training is closely co-ordinated with that of Britain and the United States. Training in Canada is integrated with training in Britain, and there is an extensive two-way exchange of officers between the Canadian Army in Britain and the Canadian Army in Canada.

The largest Canadian military operation of this war was at Dieppe. Defence Minister Ralston told the House of Commons

that the "reconnaissance in force" which was Dieppe has become "a handbook in connection with landing operations, and every possible lesson which could be learned is being extracted from it for the purpose of future use in the course of the war. . . Already in the North African landings the experience of Dieppe has proved extremely valuable."

The first detachment of Canadian Army officers and non-commissioned officers who had been serving with the British First Army in Tunisia has returned to England. About the beginning of the current year a plan was initiated whereby groups of Canadian soldiers would spend short periods with the British armies in North Africa to gain battle experience. While comparatively small, the detachments included representatives of virtually every type of unit—armored regiments, infantry, artillery, supply and signal services and some medical officers. These were the first members of the Canadian Army to join the Allies in this battle area. These troops have turned in complete reports of their battle experience to army headquarters, and the lessons they

have drawn from these experiences will be passed along to troops of the Canadian Army in Great Britain.

The Veterans' Guard of Canada is composed of men who served with the armed forces of the Empire during World War I and are not more than 55 years of age. These men are members of the Active Army, liable to service anywhere, at home or abroad. More than 10,000 veter-

ans are now in this service.

Guarding prisoners of war is one of their major tasks. Also they protect important buildings and vital defence points in Canada, the United Kingdom, Newfoundland and the West Indies.

Members of the Veterans' Guard take turns at overseas service and are replaced by other members of the Guard at intervals of from six months to a year.

The operations of the Canadian Women's Army Corps are described under "Women," page 39.



"The way in which the Canadian people have responded to the Victory Loan shows that they have not allowed any false optimism concerning an early victory to weaken their will. We know it would be fatal to let one victory destroy our sense of proportion. The victory in Africa has only touched the fringes of Axis power; the assault on Europe has not yet begun. There remains as well the task of defeating Japan. This, clearly, is not a time for relaxing, but a time for redoubling our efforts. It is a time for strengthening our hearts and minds for the tremendous exertions which will still be required to bring the cause of freedom to the hour of victory."

RT. HON. W. L. MACKENZIE KING, *Prime Minister of Canada.*



AIR FORCE

"Berlin, Turin, Genoa, Sicily, Sardinia, Burma, Kiska, the Ruhr dams have been the melancholy recipients of their bombs, and Junkers, Messerschmitts, Fiats, Capronis, Zeros have felt the weight of their gun power."

HON. C. G. POWER, *Minister of National Defence for Air.*



AIR CREW OF THE R.C.A.F. form 25% of the Royal Air Force flying strength. This does not include squadrons of the Canadian bomber group, fighter, reconnaissance and army co-operation squadrons operating in the United Kingdom and elsewhere. There are 32 specifically R.C.A.F. squadrons already organized, and six squadrons in the process of organization.

For every R.C.A.F. air crew member in an R.C.A.F. unit overseas there are 11 R.C.A.F. air crew members in R.A.F. units overseas.

Air Marshal Harold Edwards, C.B., air officer commanding in chief of the R.C.A.F. overseas,

has stated that the proportion of R.C.A.F. to R.A.F. will increase rapidly from now on.

Air Marshal Edwards, who returned to Canada during May, told of having met R.C.A.F. fliers in every part of the globe—Northern Ireland, Scotland, the Orkneys and Shetlands, West Africa, the Sudan, Egypt, India, Ceylon and Burma.

As an indication of the dispersal of Canadians in the Royal Air Force and elsewhere—during January Canadian casualties occurred in 72 different squadrons, and from February to May there were Canadian casualties in 168 squadrons.

AIR FORCE STATISTICS

Pre-war strength.....	Approximately	4,000
Strength at May 14, 1943..		180,172
Discharges, retirements and resignations.....	More than	13,200
Casualties.....	" "	7,050
Personnel to be enlisted dur- ing fiscal year ending March 31, 1944 (exclud- ing Women's Division)...	Approximately	53,000
R.C.A.F. personnel sent overseas.....	More than	40,000
Number of R.C.A.F. squad- rons established overseas		32
Total number of R.C.A.F. squadrons to be estab- lished overseas.....		38
Hours flown on operations by R.C.A.F. overseas dur- ing April, 1943.....	More than	10,000
Average strength of home war establishment in the year ended March 31, 1943.....	Approximately	23,500
Projected average strength of home war establish- ment during the year end- ing March 31, 1944.....	"	35,000
Anticipated over-all increase in home war establishment aircraft, air crew and hours flown.....	Nearly	100%

AIR FORCE STATISTICS

Operational work by home war establishment personnel:

	<i>Hours</i>	<i>Crashes</i>	<i>Fatalities</i>
1939 and 1940..	14,300	6	11
1941.....	25,980	8	28
1942.....	94,450	22	77

Nautical miles flown by eastern air command anti-submarine squadrons during 1942..... More than 5,000,000

Number of sailings of vessels escorted by eastern air command anti-submarine squadrons during 1942... " " 12,000

Ships sunk within 300 miles of Canadian coast while escorted by R.C.A.F..... Less than 3%

Strength of Women's Division..... More than 12,240

Strength of Air Cadets..... " " 22,000

Detailed cash requirements of the R.C.A.F. for the fiscal year 1943-44, compared with probable expenditure for 1942-43:

	1942-1943	1943-1944	Increases
B.C.A.T.P.....	\$410,825,000	\$445,335,845	\$ 34,510,845
Western Hemisphere operations.....	172,050,238	300,834,882	128,784,644
Overseas war establishment.	20,244,600	383,250,687	363,006,087
TOTALS.....	\$603,119,838	\$1,129,421,414	\$526,301,576

The Canadian bomber group in Britain, which came into being at the beginning of this year, has been in every big raid of the bomber command's mounting European offensive ever since.

The calculated campaign to destroy Germany's industrial heart by force of air power continued during May. Two-thirds of Germany's hard coal, coke, pig iron and steel come from mines and industry concentrated in a small area in the Ruhr. From this vital area comes 50% of the equipment for the German army, and into it the Allies poured their blockbusters.

R.A.F. and R.C.A.F. heavy bombers attacked Dortmund, war industrial city and canal crossroads near Essen, on the night of May 4 and dropped 1,500 tons of blockbuster bombs. The largest force of four-engined bombers that had yet been sent out on a military mission made up the attacking force. Thirty planes were lost, seven of them Canadian. Two-ton bombs dropped at a rate of four a minute. The raid was the heaviest of the year up to that time.

On the night of May 23, however, an R.A.F.-R.C.A.F. bom-

ber force subjected Dortmund to an even heavier assault. Two thousand tons of bombs devastated the city—33 tons of high explosives and incendiaries every minute for a full hour—five times greater than the tonnage dropped by the Luftwaffe in its heaviest raid on London on April 16, 1941. The bombers flew a 700-mile round trip. Thirty-eight of the raiding aircraft were lost, four of them Canadian. This was the 26th raid on Dortmund during the war and brought the total weight of explosives dropped on Germany by the bomber command since the war began to 100,000 tons.

Halifax and Wellington squadrons of the R.C.A.F. flew with the R.A.F. in another heavy raid on the Ruhr on May 12 when more than 1,500 tons of bombs crashed into Duisburg, communications, transport and industrial centre at the juncture of the Rhine and the Ruhr. It was the 60th attack on Duisburg. Thirty-four aircraft did not return, nine of them Canadian.

On the night of May 13, 3,000 tons of bombs, the heaviest weight yet dropped on Europe in

a single night, were dropped by the R.A.F. and R.C.A.F. on the Ruhr, Berlin and Czechoslovakia. Canadian strength was largely concentrated in the assault on the Ruhr. Bochum, a Ruhr transportation centre between Essen and Dortmund, received 1,000 tons of high explosives—it was left blazing. Of 34 planes lost, eight were Canadian.

United States bombers followed up the night operations with daylight bombings on May 14. Canadians were among the protective escorts when the largest single offensive by the U.S.A.A.F. struck at targets in Germany, Northern Holland and Belgium. While the Americans bombed a large airport in Belgium, a Canadian fighter wing shot down four Focke-Wulf 190's. All Canadians returned from the day's operations.

Two R.C.A.F. pilots, in a low level sweep over northern France on May 9, damaged nine locomotives and four parked aircraft in 35 minutes. Fighter pilots accomplished a vital purpose in further tightening the "blockade within the German frontiers" by weakening even

more the overburdened transport system. Smashes at canal cities accomplish the same effect, as much transportation within Germany is water-borne.

Six Canadians who participated in the successful "dam busting" raid in the Ruhr Valley the night of May 16 were awarded decorations for their part in the operation.

One citation covering all members of air crew taking part in the raid was released:

"On the night of May 16, 1943, a force of Lancaster bombers was detailed to attack the Moehne, Eder and Sorpe dams in Germany. The operation was one of great difficulty and hazard, demanding a high degree of skill and courage and close co-operation between the crews of aircraft engaged. Nevertheless a telling blow was struck at the enemy by the successful breaching of the Moehne and Eder dams. This outstanding success reflects the greatest credit on the efforts of the following personnel who participated in the operation in various capacities of aircraft crew: D.S.O. to Flight Lieutenant Charles McCarthy (Long Island, New York); Bar

to D.F.C. to Flying Officer D. R. Walker (Blairmore, Alberta); D. F.C.'s to Pilot Officer G. A. Deering (Toronto) and Pilot Officer H. T. Taerum (Calgary, Alberta); Conspicuous Gallantry Medal to Flight Sergeant K. W. Brown (Moose Jaw, Saskatchewan); D.F.M.'s to Sergeant D. A. MacLean (Toronto) and Sergeant P. Oancia (Stonehenge, Saskatchewan)."

The R.C.A.F. has won the following decorations:

George Cross.....	1
George Medal.....	5
Distinguished Service Order...	3
Distinguished Flying Cross....	238
Bar to Distinguished Flying Cross.....	12
Distinguished Flying Medal...	150
Air Force Cross.....	38
Air Force Medal.....	24
British Empire Medal.....	31
United States Distinguished Flying Cross.....	1
United States Army Air Medal	5
Conspicuous Gallantry Medal.	2

Canadian airmen who have been in the African campaign from the beginning joined in the aerial thrusts which had much to do with finishing off the Axis armies in that battle theatre. About 2,000 Canadian fliers have been fighting over the Middle Eastern deserts for many months. When all objectives on the African continent had been

attained, the allied airmen pressed forward. Many Canadians made up the crews of bombers, fighters and fighter-bombers which have attacked the strategically important Italian island of Pantelleria.

Aircraft of the R.C.A.F. and ships of the Royal Navy won an eight-day battle against enemy submarines recently. In the course of the protracted fight "four U-boats are known to have been destroyed, four very probably destroyed and two others probably destroyed"—the greatest success against U-boats yet reported officially. A pack of some eight U-boats attacked the convoy on April 30, but were driven off. A gale blew up, and there was bad weather for three days, but as the weather moderated the pack closed in again until there were as many as 25 harrying the convoy at one time. The U-boats carried out more than 30 attacks and were fought off gallantly by the sea and air escort. Aircraft of the R.C.A.F. joined in the battle and carried out many attacks on the U-boats, very probably destroying one and possibly destroying another. The convoy suffered some damage, but the majority

of the ships reached port.

Aircraft of the R.C.A.F. eastern air command anti-submarine squadrons are concerned with escorting convoys off Canadian shores. While carrying out this primarily defensive role, these squadrons have made 43 attacks

on enemy U-boats. Since February 28 of this year they have made 14 attacks on enemy U-boats in the Atlantic.

R.C.A.F. casualties (not including deaths by disease) from the outbreak of hostilities to April 30, 1943:

	Flying Operations	Training Accidents	Other	Total
CANADA				
Killed.....	83	666	128	877
Died of wounds.....	...	...	6	6
Died of injuries.....	4	22	10	36
Presumed dead.....	29	32	...	61
TOTAL, fatal and presumed dead	116	720	144	980
Currently missing.....	31	33	19	83
Seriously or dangerously wounded (not fatal).....	...	1	7	8
Seriously or dangerously injured (not fatal).....	...	148	148	296
TOTAL casualties in Canada.....	147	902	318	1,367
OVERSEAS	Flying Casualties		Other	Total
Killed.....	1,541		40	1,581
Died of wounds.....	7		2	9
Died of injuries.....	48		4	52
Presumed dead.....	1,327		8	1,335
TOTAL, fatal and presumed dead.....	2,923		54	2,977
Currently missing.....	1,807		9	1,816
Prisoner of war.....	611		3	614
Interned.....	15		...	15
Seriously or dangerously wounded (not fatal)	14		2	16
Seriously or dangerously injured (not fatal)	201		44	245
TOTAL casualties overseas.....	5,571		112	5,683
GRAND TOTAL.....				7,050

*The operations of the R.C.A.F. (Women's Division)
are described under "Women," page 39.*

B.C.A.T.P. STATISTICS

Air crew sent overseas from B.C.A.T.P. and R.A.F. schools in Canada.....	More than	50,000
Ground crew trained in B.C.A.T.P. and R.A.F. schools in Canada.....	" "	75,000
Strength of B.C.A.T.P. (all ranks) at July 1, 1942.....	" "	109,000
Strength of B.C.A.T.P. (all ranks) at May 1, 1943.....	" "	150,000
Number of schools originally planned to be operated by B.C.A.T.P.....		74
Number of schools operated by B.C.A. T.P. (many with twice the capacity originally planned).....		154
Number of training aircraft used by B.C. A.T.P.....	More than	10,000
Miles flown in B.C.A.T.P. since its inception.....		6,588,098,593
Miles flown in B.C.A.T.P. during the first quarter of 1943.....		162,569,510
Miles flown in B.C.A.T.P. during March, 1943.....		62,205,415
Average daily mileage flown in B.C.A.T.P.		2,006,626
Probable expenditure by R.C.A.F. for B.C.A.T.P. during the year ended March 31, 1943.....		\$410,825,000
Current monthly expenses of B.C.A. T.P.....	approximately	\$40,000,000
Estimated expenditure by R.C.A.F. for B.C.A.T.P. during the fiscal year ending March 31, 1944.....		\$445,335,845

BRITISH COMMONWEALTH AIR TRAINING PLAN



"The air training plan . . . has contributed largely to the local air superiority in Africa and over the continent of Europe and is an essential element in the realization of the final objective, that of crushing out of existence Italian and German economic might."

HON. C. G. POWER, *Minister of National Defence
for Air.*



ALTHOUGH THE BRITISH COMMONWEALTH AIR TRAINING PLAN is essentially Canadian, young men from all the United Nations learn the art of air combat in the schools of the plan. Rt. Hon. Anthony Eden, British foreign secretary, recently spoke of the respect and understanding growing out of this "greater comradeship of the air":

"These young pilots may be the best ambassadors of the future. If we can only capture and keep the spirit which they have learned in

these schools there is no international problem which we cannot resolve."

An ever-growing proportion of all air crew required to man the planes on the fighting fronts is trained in the B.C.A.T.P. The more than 50,000 air crew trained in the plan would be more than enough to man 15,000 combat planes. Peak production of air crew on a monthly basis will not be reached for several months.

A joint enterprise of the Canadian, Australian, New Zealand and United Kingdom govern-

ments, it is administered by the R.C.A.F., and 60% of the graduates are Canadians.

The plan is based on a proposal made to the governments of Canada, Australia and the United Kingdom on September 26, 1939, to set up a common air training system. The proposal was accepted in principle by the Canadian government on September 28. The first agreement was signed on December 17, 1939, the same day the first contingent of the Canadian Army landed in Britain. Immediately the great project of building airfields and training instructors began.

Eight elementary flying training schools were opened in June and July of 1940. First recruits—50 pilots, 44 observers and 75 wireless operators—reported for duty on April 29, 1940. On October 28, 1940, the first pupils were graduated and arrived in Britain the next month.

All the schools of the plan were to be in operation during 1942. On December 15, 1941, two days before the second birthday of the B.C.A.T.P., the final

school was opened, beating the time limit by many months.

Under the original agreement Canada paid more than \$600,000,000 of the total \$900,000,000. This original agreement was intended to continue until March, 1943, but a new agreement was signed on June 5, 1942. It became effective July 1, 1942, and operates to March 31, 1945. Under the new agreement the plan is considerably enlarged. It will cost \$1,500,000,000, 50% of which will be paid by Canada. The United Kingdom will pay the remaining 50%, less deductions representing payments made by New Zealand and Australia for the cost of training air crew.

The average miles flown each day in the plan, 2,006,626, is a distance equal to 80 times around the earth at the equator. The total miles flown in March, 1943, were 62,205,415, a distance equal to 260 trips to the moon. The cumulative number of miles flown in the plan from its inception to March, 1943, totalled 6,588,098,593, equal to 71 trips to the sun.



SALVAGE

COLLECTION OF SALVAGE MATERIALS for the use of war industries is the function of the national salvage division of the Department of National War Services. It has organized 1,729 voluntary salvage committees. During the two years ending April 30, 1943, 1,205 (70%) of these committees collected 332,-787,184 pounds of salvage.

Salvage material most urgently needed now is fats and bones to produce glycerine, old tires and tubes, scrap brass, bronze and copper and rags.

Proceeds from salvage collections are contributed to auxiliary services of the armed forces and to registered war charity funds.

Collection of materials by provinces up to April 30, 1943:

Province	Materials Marketed (lbs.)	Lbs. per 1,000 Population
P.E.I.....	2,620,917	27,588
N.S.....	5,970,096	10,329
N.B.....	7,920,218	17,331
Que.....	55,963,774	16,796
Ont.....	169,769,474	44,818
Man.....	34,189,850	46,835
Sask.....	15,128,619	16,885
Alta.....	18,039,917	22,663
B.C.....	23,184,319	28,343
TOTAL...	332,787,184	28,963

A. R. P.

CANADIAN CIVILIAN DEFENCE has more than 226,800 workers (45,126 of them women) in 622 communities in Canada.

A.R.P. committees have been established in each of the nine Canadian provinces and have full jurisdiction over all local defence groups.

Equipment valued at more than \$5,700,000 has been supplied to provincial committees. It has included:

- 2,000,000 gas respirators
- 150,000 steel helmets
- 80,000 stirrup pumps
- 1,000 sirens
- 12,000 firemen's coats
- 30,000 flashlights
- 40,000 overalls

Large stores of first aid supplies.

FIREFIGHTERS

THE CORPS OF CANADIAN FIRE-FIGHTERS, organized on March 16, 1942, under the administration of the Department of National War Services, has recruited 400 Canadians to serve in the United Kingdom. It is the first unit ever mobilized in one country to fight fires in another and represents 105 municipalities.

CANADIAN MUNITIONS SERVE THE



Canada retains only 30% of her vast production for the use of her own forces. The rest goes to more than 50 destinations. United Nations fighting fronts in all parts of the world. Canada is producing munitions at the rate of \$55,000,000 worth weekly.

CANADA'S UNITED NATIONS MUTUAL AID BILL was given final assent on May 20, 1943. It provides for the distribution of Canadian war equipment, raw materials and foodstuffs to the United Nations to the value of \$1,000,000,000 on the basis of "strategic need."

The mutual aid bill follows

last year's \$1,000,000,000 gift to Britain. It gives Canada direct responsibility and credit for her contributions of war supplies. It sets up a board, composed of the minister of munitions and supply, the minister of national defence, the minister of finance, the minister of agriculture and the minister of justice, which will



Nations, but whatever reciprocal arrangements are practicable may be entered into. Canada's allies will furnish Canada with supplies or services in return if they can, or they will ensure the return after the war of any supplies or equipment which appear to have a post-war use. Where any terms and considerations are provided for besides strategic need, these will be clearly specified at the time of transfer. There will be no piling up of huge war debts by the sale of supplies to the United Nations for payment after the war or the institution of indefinite and uncertain post-war obligations.

To prevent financial considerations obstructing an uninterrupted flow of Canadian war supplies and food to Britain, Canada in the past instituted the following specific measures:

decide where the munitions and supplies are to be sent.

The bill provides that effective use in the prosecution of the war of Canadian war supplies purchased with the \$1,000,000,000 be good and sufficient consideration for transferring these war supplies to any of the United

1. After Britain had sold gold and used up its Canadian dollar resources in the purchase of war supplies and food from Canada, Canada proceeded to buy back before maturity Canadian government direct and guaranteed securities held in the United Kingdom. Financial assistance

up to the time the \$1,000,000,-000 gift came into operation amounted to \$1,518,000,000.

2. Canada took payment in pounds sterling and thus accumulated balances in London.

3. At the beginning of 1942 Canada extended a program of financial aid which included:

- (a) the repatriation of all remaining Dominion government and Canadian National Railways securities amounting to approximately \$295,-000,000;
- (b) the consolidation of the major part of accumulated sterling balances, amounting to \$700,000,-000, into an interest-free loan for the duration of the war;
- (c) a direct gift of \$1,000,-000,000 in munitions, raw materials and food-stuffs.

The governments of the United Kingdom and Canada thus began the 1942-43 fiscal year with clear-cut financial arrangements. Speaking of these measures, Finance Min-

ister Ilesley stated:

"They will put our financial arrangements on a clear and sensible basis, fully in accord with the realities of the war situation. They will prevent the accumulation of a huge, unmanageable war debt with all the dangers that would involve of post-war misunderstanding and difficulties. And they will reflect the determination of this nation to contribute everything possible to the general cause."

4. When the \$1,000,000,-000 gift to Britain was entirely used up by December, 1942, it was necessary to find some other means of keeping Canadian supplies moving to the United Kingdom and the other United Nations.

The United Nations mutual aid bill was introduced early in 1943. To tide Britain over the period before the new measure came into operation, the Canadian government bought outright all British war plant investments in Canada amounting to about \$200,000,000. Canada also undertook payment of the entire cost of pay, allowances,

maintenance and equipment of the R.C.A.F. squadrons operating overseas and pay, allowances and maintenance of R.C.A.F. personnel in the R.A.F. The additional cost of this undertaking over and above Canada's 1942 commitments on that account is about \$363,000,000. This means that with that much more money Britain can purchase war materials and supplies in Canada, and there will be a corresponding decline in the extent to which Britain in 1943 will depend on mutual aid.

Sterling area purchases and other payments in Canada during the period of use of the \$1,000,000,000 gift were, in millions of dollars:

A. Portion attributed to the gift:

(1) Munitions..	689
(2) Foodstuffs and raw ma- terials.....	311
	————
	1,000 (*)
	————

(*) Of this total, supplies to the value of \$61,000,000 are known to have been transferred to Russia, and mechanical transport valued at \$71,000,000 to Australia, New Zealand and other parts of the sterling area.

B. Remaining portion attributed to other sources of financing:

(1) Commodity exports	
(a) To the United Kingdom.....	140
(b) To the sterling area other than the U.K.	79
	————
	219
(2) Services, etc.....	221
	————
	440

On May 11 Prime Minister King announced that a protocol setting forth the munitions, war materials and essential supplies to be furnished to the Union of Soviet Socialist Republics by the United States, the United Kingdom and Canada during the year beginning July 1, 1943, was being negotiated, with Canada a direct party to the protocol. Hitherto the supplies which have gone to Russia from Canada have been included in the commitments made by the United Kingdom or in some cases by the United States. Of the \$1,000,000,000 gift to Britain last year, supplies to the value of \$61,000,000 have been transferred to

Russia, including tanks and armored fighting vehicles to the value of \$49,000,000, shells and ammunition to the value of \$3,000,000, and base metals to the value of \$9,000,000. Canada also has extended a \$10,000,000 credit to Russia covering purchases of Canadian wheat and flour. More than \$1,000,000 has been contributed to the Canadian Red Cross for Russian relief. More than \$3,000,000 has been contributed to the Canadian Aid to Russia Fund.

Canada has given to Greece 5,476,211 bushels of wheat. Fifteen thousand tons of wheat go regularly every month to Greece

as a gift of the Canadian people. More than \$93,000 worth of medical supplies have been provided by the Greek War Relief Fund.

Considerable quantities of Canadian war supplies, principally field guns, small arms and ammunition, have gone to China by way of the United States. Up to January 27, 1943, the Canadian Red Cross sent to China cash and medical supplies valued at \$199,956. The Chinese War Relief Fund sent \$122,303 in cash, and the Friends of China approximately \$10,000. The total of \$332,259 has been greatly increased during the current year.



Citation on the award of the Distinguished Flying Cross to Squadron Leader George A. Roy, Westmount, Quebec, leader of the Alouette squadron of the R.C.A.F. bomber group.

"Squadron Leader Roy is an outstanding captain of aircraft. He has taken part in many raids on heavily defended targets such as Bremen, Essen and Cologne, and on every occasion has pressed home his attack with good effect. When detailed for special reconnaissance work he has invariably produced accurate and thoroughly reliable reports. Squadron Leader Roy's good work and splendid example are worthy of high praise."

MUNITIONS

Annual peak production rate to be reached in 1943....	\$3,700,000,000
War production in 1942.....	2,600,000,000
“ “ “ 1941.....	1,200,000,000
Percentage increase.....	117%
Value of munitions and other war materials exported in World War I.....	1,002,672,413



PRODUCTION RECORD

To March 31, 1943

Production	Weekly	To Date
Munitions.....	\$55,000,000	\$4,100,000,000
Ships (escort, cargo, patrol).....	6	500 launched
Aircraft.....	80	7,500
Motor vehicles.....	3,500	450,000
Armored fighting vehicles (including tanks).....	336	20,000
Guns (barrels and mountings)...	900	50,000
Heavy ammunition (complete rounds, filled).....	525,000	35,000,000
Small arms (rifles, machine guns, etc.).....	12,000	500,000
Small arms ammunition.....	25,000,000 rounds	2,000,000,000 rounds
Chemicals and explosives.....	10,000 tons	725,000 tons
Instruments and communications equipment.....	\$3,300,000	\$140,000,000
Expenditure for industrial expansion and defence construction.....	More than \$1,200,000,000	

Canada is the fourth largest producer of war supplies and equipment among the United Nations. War weapons from the Dominion have been shipped to every theatre of war in the following proportions:

30% Canadian forces at home and abroad.

50% United Kingdom or British combat areas and to Russia.

20% The United States, China, Australia and the Pacific theatre of war.

Included in the Canadian aircraft production program are

such famous fighting aircraft as the Mosquito and the Lancaster. Production is concentrated on nine types as follows:

FAIRCHILD CORNELL — single-engined elementary trainer.

NORTH AMERICAN HARVARD—single-engined advanced trainer.

CANADIAN ANSON — twin-engined reconnaissance bomber and bombing and gunnery trainer.

BRISTOL BOLINGBROKE — twin-engined reconnaissance bomber and bombing and gunnery trainer.

CATALINA BPY-5—twin-engined coastal reconnaissance amphibian.

LANCASTER — four-engined long-range bomber.

CURTISS "HELLDIVER" — single-engined navy dive-bomber.

MOSQUITO—twin-engined bomber.

NOORDUYN NORSEMAN—single-engined transport.

Following is a comparison of the production of war manufactures in 1942 and 1941 and from September, 1939, to December, 1940:

	Calendar Year 1942	Sept., 1939 1941	Dec., 1940
	(Estimate millions of dollars)		
Mechanical transport.....	\$404	\$206	\$119
Armored fighting vehicles, including tanks.....	160	22	..
Guns and small arms.....	186	22	1
Aircraft, including overhaul	235	102	42
Cargo and naval vessels, in- cluding repairs.....	274	105	23
Instruments and communi- cation devices.....	81	13	3
Gun ammunition, including bombs.....	227	95	14
Small arms ammunition.....	41	16	2
Chemicals and explosives, including filling.....	121	50	2
Miscellaneous military stores, including personal equip- ment, clothing, etc.....	390	190	97

WOMEN

Women over 15 years of age in Canada.....	Approximately	3,970,000
Women 15 to 54 inclusive.....	"	3,227,444
Engaged directly or indirectly in war industry.....	More than	255,000
In the armed services.....	" "	27,765
W.R.C.N.S.....	" "	2,595
C.W.A.C.....	" "	10,500
R.C.A.F. (W.D.).....	" "	12,240
Nursing services.....	" "	2,395
Female doctors in the Armed Services.....		35



RECOGNITION IS BEING GIVEN increasingly to the capability of Canadian women in organizing and fulfilling various phases of war work.

By a reorganization early in May of the Canadian Women's Army Corps, C.W.A.C. officers will assume duties on an equal footing with Canadian army staff officers.

This marks the first time in the history of any army that women have achieved a status equal with men. The changes, part of a plan to integrate the C.W.A.C. within the army, involve discontinuing the C.W.A.C. directorate in the adjutant-general's branch and inaugurating the posts of general staff officer

(1st grade) and assistant adjutant-general.

Women thus are directing the women's army organization in every detail—training, housing, morale, etc. Lieutenant-Colonel Joan B. Kennedy, Victoria, formerly officer administering the C.W.A.C., has been appointed general staff officer (1st grade) in charge of training at defence headquarters.

Organized in September, 1941, the C.W.A.C. has enlisted more than 10,500 and hopes to enlist 25,000 by the end of 1943. More than 8,000 have been used directly as replacements for men within the army organization.

Plans are under way to accommodate 1,400 recruits monthly,

also is giving officers of its women's division increased responsibility. The appointment of the first woman wing officer in the R.C.A.F. was announced on May 11.

Established in July, 1941, the R.C.A.F. (W.D.) has enlisted more than 12,240 and hopes to have 20,000 by the end of 1943. The newest trade, announced May 12, is a service patrol for escort duty on trains and patrols in large cities. A four-week training course for this is conducted at Rockcliffe training depot near Ottawa and includes ju-jutsu, marksmanship and life-saving.

Canada's production record in cargo ships



Each unit = 100,000 deadweight tons

Organized in June, 1942, the Women's Royal Canadian Naval Service had more than 2,595 officers and ratings by May 24, 1943. About 110 are being called each week for ratings' training at Galt and Preston, Ontario. Officers are trained in Ottawa. "Wrens" and officers are replacing various categories of naval personnel in shore establishments at Ottawa, Halifax and Deep Brook, Nova Scotia. The W.R.C.N.S. hopes to enlist 5,000 by the end of 1943.

Nurses wearing Canadian war uniforms now total 2,395. The Royal Canadian Army Medical Corps has enlisted 1,614 nursing sisters, and 100 dietitians and physio-therapy aides bring its nursing service total to 1,714. There are 699 overseas.

The R.C.A.F. nursing service has 270 on duty. Several are serving at the new R.C.A.F. base at Goose Bay in Labrador. The Royal Canadian Navy has 154 nurses serving temporarily under the R.C.N. medical directorate.

Three hundred Canadian nurses enlisted in the South Africa military nursing service shortly after the outbreak of war, and the majority renewed their yearly contracts. Only 43 have returned to Canada. Four recently went to the Middle East battlefield, attached to a South African desert general hospital, and are believed to be the first Canadian women to undertake war service in the Middle East.

There are 35 women doctors in the armed services, four with the navy, 19 with the army, and 12 with the air force.

About 100,000 women have become engaged during the eight

months to the end of May either directly or indirectly in Canadian war industry, bringing the total thus engaged to 255,000.

Inspection of munitions materials and of the finished products is the responsibility of the inspection board of the United Kingdom and Canada which employs 10,700 women examiners in Canada and 40 in the United States. The latter are inspecting gauges in the interests of Canada, the United Kingdom and the United States.

Of the 10,700, 463 are classified as skilled, 1,159 as semi-skilled, and the remainder as unskilled.

The war emergency training program of the federal Department of Labor, inaugurated in July, 1940, had enrolled 32,429 women by the end of April, 1943. More than 24,529 had completed training.

During April 2,021 persons enrolled for full-time training in the 124 industrial centres, and 757 of these (about 37%) were women.

On April 30 there were in training: 850 women in full-time industrial centre classes and 437 in part-time industrial centre

classes; 603 in full-time plant school classes, and 187 in part-time plant school classes.

By April 30, 81 plant schools had been approved. Industry itself commenced giving training under the government program April 1, 1942, and 5,779 women had completed full-time training, 914 part-time, by April 30.

By development of the Dominion-provincial plan for day care of children, increased assistance is being given in Ontario and Quebec to mothers who desire to take up war work.

Under the equal-cost agreement, 18 wartime day nurseries had been approved, and 14 were in operation at June 1—six in Toronto, one each in Brantford, Oshawa and St. Catharines, two in Quebec City, and three in Montreal.

Two more will open in Montreal in July, and Galt and Hamilton soon will open one each.

Sixteen school projects have been approved under the Dominion-provincial plan for the day care of school-age children, 12 in Toronto, three in Hamilton, and one at Lakeview Beach, Ontario. The Ontario board of education is assisting in this work.

Women volunteers provide the major part of the staffs for the child-care projects. Where women's voluntary service centres are organized as in Toronto, St. Catharines and Montreal, they assume the responsibility of recruiting and training volunteers. More than 300 have been trained in Toronto alone. Montreal W.V.S. has completed training one English class, has another under way and will open a French class June 8.

During the last 14 months the work of women volunteers has been co-ordinated under the direction of the women's voluntary services division of the federal Department of National War Services, and 24 voluntary service centres have been established to prevent overlapping of national and local volunteer effort.

A Wartime Prices and Trade Board official reported on May 14 that 530 women are assisting voluntarily in the operation of housing registries in 56 congested areas throughout Canada.

Thirty of these have been set up by the consumer branch of the Wartime Prices and Trade Board and have helped find

accommodation in 15,000 individual cases.

To meet a mounting need for more voluntary aid detachments (V.A.D.'s) in Canadian military hospitals, an order-in-council was passed in May designed to aid in training more volunteers.

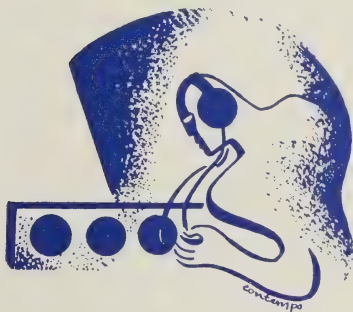
Under the order the complete resources of the Canadian Red Cross and the St. John Ambul-

ance Association for training in home nursing and first aid in Canada are to be governed, controlled and administered by a joint board of management to consist of seven members. The chairman is to be appointed by the minister of national war services. Classes are to be conducted in the name of the two organizations, and joint certificates are to be issued to candidates.



NERVE CENTRES OF WAR

Canada's production record in instruments and communications equipment.



1940 ☐

1941 ☒ ☒ ☒ ☐

1942 ☒ ☒ ☒ ☒ ☒ ☒ ☒ ☒ ☒ ☐

Each unit = \$10,000,000.

CONTROLS

WARTIME CONTROLS IN CANADA are administered chiefly by the following departments, each represented by a minister of the government, who is responsible to the people of Canada through Parliament:

The Wartime Industries Control Board, Department of Munitions and Supply, is responsible for the supply and allocation of all materials essential for war needs.

The Wartime Prices and Trade Board, Department of Finance, has supreme authority in the field of price control and consumer rationing.

National Selective Service, Department of Labor, is responsible for the allocation of manpower to the armed forces, agriculture and essential war industry. (See Manpower in following section).

The National War Labor Board administers government regulations on wages control and also regulations on the cost-of-living bonus.

The Foreign Exchange Control Board, Department of Finance, has control over all financial transactions between resi-

dents of Canada and other countries.

The Wartime Industries Control Board, established on June 24, 1940, regulates industry so that a maximum of raw materials is available for war production.

The Wartime Industries Control Board and the Wartime Prices and Trade Board work in close co-ordination. The chairman of each board is a permanent member of the other, and all controllers are administrators under the Wartime Prices and Trade Board.

The Wartime Prices and Trade Board was constituted under the War Measures Act, September 3, 1939, "to provide safeguards under war conditions against any undue advancement in the price of food, fuel and other necessities of life, and to ensure an adequate supply and equitable distribution of such commodities."

The responsibility of the Wartime Prices and Trade Board for policing individual prices was broadened in December, 1941, when the government made the board responsible for the main-

tenance of the over-all price ceiling, which was established to prevent inflation.

The ceiling was the level of retail prices prevailing in the period between September 15 and October 11, 1941. Certain products, such as perishable commodities, were exempted from the price regulations if not sold directly to consumers.

In World War I unchecked price increases imposed severe hardships on Canadians. By the end of the war prices had risen 57.6% above the pre-war level. In the present war, at the time of the application of the over-all price ceiling in December, 1941, the cost-of-living index showed a percentage advance of 14.9 above the pre-war level. The December, 1942, index, after 12 months of price ceiling, showed a cost-of-living advance of only 2.6%.

To stabilize the cost-of-living, prices of certain food commodities were lowered in December, 1942, by the reduction of duties and taxes and payment of subsidies. The retail price of tea was reduced by 10 cents a pound, coffee by four cents a pound, milk by two cents a quart, and

the retail price of oranges was lowered.

The industrial division of the Wartime Prices and Trade Board was established to aid industry, first in distributing the price-ceiling "squeeze" among retailer, wholesaler and manufacturer, and later to eliminate "frills" and help conserve manpower, material and machinery.

Commitments to Great Britain, the needs of the armed forces, transportation difficulties and shipping losses have necessitated consumer rationing which ensures an equitable distribution of the necessities of living. Each Canadian is entitled to the following rations:

TEA one ounce weekly, or

COFFEE . . . four ounces weekly.

(The tea and coffee ration is not available to children under 12).

SUGAR . . . half a pound weekly

(plus special seasonal allowance to housewives for canning).

BUTTER . . . half a pound weekly.

MEAT one to two and a half pounds weekly according to type of meat.

GASOLINE . non-essential passenger cars—40 coupons a year; essential and commercial vehicles—ration tailored to meet individual needs. (Unit as at May, 1943 = 3 gallons).

To help control volume of purchasing power, as well as production costs, both of which influence prices, wages and salaries in Canada were stabilized late in 1941. To adjust wages to wartime price levels, however, every employer, except in a few exempted classes, must pay bonuses to employees below the rank of foreman for each point that the adjusted cost-of-living index (August, 1939 = 100) rises above the level of October, 1941, as announced every three months by the National War Labor Board. The bonus was increased July 15, 1942, when the adjusted index rose to 117.0. Since that date there has not been a point change in the index. At April 1, the time for quarterly reckoning, the index was 116.7.

The bonus payment is as follows: 25c for each point rise in the cost of living for all adult male employees and for all other employees employed at basic wage rates of \$25 or more a week; one per cent of their basic weekly wage rates for male employees under 21 and women workers employed at basic wage rates of less than \$25 a week.

Under present conditions,

every increase in wage rates, unless it is accompanied by a corresponding increase in output, involves an increase in costs, which must be borne by the community in one or more of the following ways:

1. Higher prices for the goods affected; the cost-of-living goes up, an increased cost-of-living bonus becomes payable, other producers' costs increase, and the familiar inflationary spiral gets under way.

2. Direct government subsidy—the people of Canada are called on to meet this cost through increased taxation and lending.

3. Reduced corporation tax payments to the government, which then faces the problem of raising these funds from some other source.

Unless the rest of the community accepts willingly the obligation to pay heavier taxes and to save more, the rise in labor costs increases the pressure of surplus spending power on limited supplies and has a definite inflationary effect.

MANPOWER

RESPONSIBILITY FOR MOBILIZING and allocating all manpower in Canada rests with National Selective Service, under the Department of Labor. All departments concerned, such as the Department of Munitions and Supply, Agriculture and the armed forces, are co-operating.

The National Selective Service Advisory Board advises the director of National Selective Service with reference to the utilization of manpower in the prosecution of the war and the administration and enforcement of National Selective Service regulations.

Labor priorities, in which industries as a whole and selected firms are classified as having very high, high, low or no labor priority, give National Selective Service offices a yardstick by which to gauge the importance of labor requirements. All employment advertising is controlled.

To prevent labor hoarding, employers must notify the employment service of any surplus workers in their employ.

The minister of labor, at April, 1943, is empowered to order employers in specified industries to discontinue employing persons in age classes designated for military training after a specified date unless a special permit is obtained.

Two orders have been issued so far. The first order covers men employed in the following industries, establishments and occupations:

1. Taverns or liquor, wine and beer stores.
2. Retail sale of candy, confectionery, tobacco, books, stationery, news.
3. Barber shops and beauty parlors.
4. Retail and wholesale florists.
5. Service stations (i.e. gasoline-filling stations).
6. Retail sale of motor vehicles or accessories.
7. Retail sale of sporting goods or musical instruments.
8. Waiter, taxi-driver, elevator operator, hotel bell boy, domestic servant.
9. Any occupation in or directly associated with entertainment, including but not restricted to theatres, film agencies,

motion picture companies, clubs, bowling alleys, pool rooms.

10. Any occupation in or directly associated with dyeing and dry cleaning (but not including laundries); baths, guide service; shoe shining.

The second order covers men in the following employments:

1. Any occupation in or associated with retail stores.
2. Any occupation in or associated with the manufacturing of feathers, plumes and artificial flowers, chewing gum, wine, lace goods, greeting cards, jewelry.
3. Any occupation in or associated with distilling alcohol for beverage.
4. Any occupation in or associated with the factory production of statuary and art goods.
5. Any occupation in the operation of ice cream parlors and soda fountains.
6. Any of the following occupations: Bus boys, charmen and cleaners, custom furriers, dancing teachers, dish washers, doormen and

starters, greens keepers, grounds keepers, porters (other than in railway train service) private chauffeurs.

Those affected by the new orders must register at the nearest Employment and Selective Service office. This ensures that those men who have been called for national service and are not acceptable to the army will be engaged in essential work, such as farming, lumbering, coal mining, fishing and munitions work. Non-compliance with a direction to transfer to higher priority industry, including farm labor, will make a man liable for service in an alternative work camp on somewhat the same basis as a conscientious objector.

Any person between 16 and 65 years of age must register for work with the local office of National Selective Service if not gainfully occupied for seven consecutive days (full time students, housewives and clergy are not included). Men of military call-up age applying for permits to obtain employment must furnish proof that they have not contravened mobilization regulations. No Canadian employer

or employee may make any employment arrangement without first obtaining authority of the local office of National Selective Service, unless the parties involved are specially excepted under the regulations.

With certain exceptions, an employee has to submit his resignation seven days prior to leaving his job. An employer similarly must conform to this regulation. A copy of the written notice must be forwarded to the local employment office. The employee then is given a separation slip, and no employer may interview a prospective employee unless the applicant has a permit from an employment office to look for employment.

National Selective Service is also responsible for the call-up of men for compulsory military training. Under National Selective Service mobilization regulations men, single or childless widowers at July 15, 1940, from the ages of 19 to 45 inclusive, and medically fit, are liable for military service. So far only men born between 1902 and 1924 inclusive (who have reached the age of 19) are being called. On

December 15, 1942, it was announced married men between the ages of 19 and 25 would be called up.

Postponement of military service is usually granted to men engaged in essential industries.

On the declaration on May 17 that a state of national emergency existed in regard to the production of coal in Canada, new Selective Service regulations prevented coal miners being accepted as volunteers for the armed forces, and workers in coal mines were granted automatic postponement of military training under the National Resources Mobilization Act until February 1, 1944.

The National War Labor Board, appointed October 24, 1941, to adjust labor problems, was recast February 11, 1943, as an industrial court with a membership of three—a chairman, a representative of employees and a representative of employers—instead of the original 12. The former board members will act in an advisory capacity. Sittings of the National War Labor Board are now open to the press.

FOOD

"After the final destruction of the Nazi tyranny, they (the United Nations) hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want."

THE ATLANTIC CHARTER.



CANADA'S FARM ECONOMY is geared to produce more food than the Canadian people can use. The war has been the means of showing what Canadian farmers can do in the way of record-shattering production when given the "full speed ahead" signal, and this record production has been attained in the face of war-induced shortages of labor and farm machinery.

The gross value of Canadian agricultural production, estimated at more than \$2,000,000,000 in 1942, has reached its highest point since the inflationary year of 1919—and Canada in this war has controlled inflationary trends by a price ceiling.

As a result of government subsidies and the farmers' willingness to co-operate, Canada has been producing commodities

which its allies need. Production is closely co-ordinated with that of the United States and the United Kingdom, and agricultural objectives are set to meet the changing needs of war.

On May 17 representatives of the United Nations met at Hot Springs, Virginia, to work out a food plan for the post-war world. World plans for production, improved nutrition and distribution were studied. The United Nations are determined that never again will there be great food surpluses piled up in one land which could be exchanged for surpluses in others. Their food delegates are going to try to give the world a balanced diet.

Assuring that large, unmarketable surpluses will not be allowed to pile up is a matter of production as well as of distribution.

The second section on the agenda of the food conference was a study of the expansion of production and the adaptation of it to consumption needs. Measures for the direction of production towards needed commodities and to shift it from commodities in chronic surplus were studied.

Canada has had experience in co-ordinating agricultural production to meet the requirements of its allies.

During the calendar year 1942 shipments from Canada to the United Kingdom included the following:

Commodity	Unit of Quantity	Quantity	Value
Wheat.....	Bush.	90,086,714	\$77,518,820
Oat meal and rolled oats.....	Cwt.	272,141	1,086,486
Flour of wheat....	Brl.	4,666,781	20,742,992
Herring, sea, canned	Cwt.	493,367	4,414,994
Salmon, canned....	Cwt.	738,518	13,860,849
Bacon and hams...	Cwt.	5,249,519	99,723,878
Canned meats, n.o.p.	Lb.	5,681,112	1,491,462
Cheese.....	Cwt.	1,313,740	24,558,965
Fish oil, n.o.p.....	Gal.	179,033	1,058,408
Eggs, dried.....	Lb.	7,661,817	7,733,195
Eggs in the shell....	Doz.	4,374,640	1,367,900

Canada's wheat surplus is close to 800,000,000 bushels as a result of the heaviest crop in Canadian history in 1942—592,-700,000 bushels—and another large crop in 1941; but much wheat is needed in wartime and will be required even more urgently in the post-war period.

Already use is being made of Canadian wheat by the United Nations. In April President Roosevelt removed quota restrictions on imports of wheat and wheat flour from Canada by the U.S. war food administration.

The Canadian Wheat Board has entered into an agreement with the Belgian government in London to deliver 7,000,000 bushels or 200,000 tons of wheat on request when all or part of Belgium is liberated. At present this tonnage would cover the consumption of bread for 2½ months for the whole of Belgium.

Canada's delegates to the conference at Hot Springs were drawn from every field directly concerned with international food problems—economists, agri-

culturists, trade experts, nutritionists, diplomats. The agenda for the conference covered a wide scope. One item studied was: "Pre-war consumption levels in various countries as influenced by prosperity or depression and by buying power of the population."

Because of the improved purchasing power of a large part of the Canadian people and the narrowing of the variety of goods which can be bought, food consumption in Canada has increased since the war began. The Canadian people bought more food by weight in 1942 than in any previous year and spent on food a larger percentage of their money.

Canadian farm production methods have been improving constantly. It has been estimated that in 1900 three Canadian farm families produced sufficient foodstuffs to support six families; at present three farm families can produce the food for 12 families.

At a press conference at Hot Springs on May 27 the Canadian delegation stated:

That purely national ap-

proaches to problems arising from the production and distribution of agricultural products cannot be successful, except in rare instances.

That the problems are international, and international treatment alone can deal adequately with them.

That national security can best be obtained by the collaboration of nations.

That tariff barriers should be reduced, and economic measures designed to maintain high and generally stable levels of employment and national income should be taken.

That the greatest importance is to be attached to the development of national and international economic policies designed to achieve a high level of purchasing power which would result in expanded markets for food.

That if feasible proposals can be developed for moderation of price fluctuations by the management of internationally held and financed buffer stocks, the Canadian economy would receive an element of stability which would be difficult to achieve in any other way.

FINANCE

EXPENDITURES FOR WAR purposes and ordinary government in the year beginning April 1 and ending March 31, 1944, will reach a total of \$5,500,000,000, it is estimated. Of this amount \$3,890,000,000 will be used for the Canadian war machine; \$1,000,000,000 will be given to the United Nations in the form

of war supplies, equipment and foodstuffs, and \$610,000,000 will be spent for ordinary government.

Following is a tabulation showing the expenditure and revenue of the Dominion from the year ended March 31, 1940, which included seven months of war, to the year which began April 1:

	1939-40	1940-41	1941-42	1942-43	1943-44
	—Millions of Dollars—			(Estimated)	(Budget)
War Expenditures:					
Army.....	68	383	511	1,078	1,787
Navy.....	11	88	129	208	489
Air Force.....	33	176	371	627	1,129
Dept. of Munitions and Supply....	...	80	253	689	166
War Services Dept..	...	2	3	9	12
Miscellaneous Depts..	6	23	73	192	307
U.K. financial assist- ance (budgetary)....	...	....	....	1,000*	1,000**
TOTAL WAR.....	118	752	1,340	3,803	4,890
Other Govt. Expen- ditures.....	563	498	545	667	610
TOTAL EXPENDI- TURES.....	681	1,250	1,885	4,470	5,500
TOTAL REVENUES	562	872	1,489	2,208	2,527
Over-all deficit.....	119	378	396	2,262	2,973
Total revenue to total expenditure.	82%	70%	79%	49%	46%
U.K. financial assist- ance (non-budget- ary)*.....	104	361	1,053	....	....

* Financial assistance in 1942-43 provided for in budget and included in war costs. In previous years assistance was provided outside the budget as it involved investment or debt redemption rather than expenditures.

** Mutual aid bill to provide war supplies, equipment and food to the United Nations.

The \$5,500,000,000 which Canada will spend in 1943-44 is by far the largest expenditure in Canadian financial history. It is approximately 11 times the outlay in an average peace-time year. In comparison, Canada spent during the whole of World War I \$1,670,406,213 for war, including the cost of demobilization.

So far as possible the Canadian government has met the costs of war by pay-as-you-go methods. Taxation has been levied according to ability to pay, and it has been used as a principal weapon in reducing civilian consumption and combatting inflation.

Direct and indirect taxes have been greatly increased. Direct taxes raised eight times as much in the fiscal year ended March 31, 1943, as in the last full peace-time year. Rates of personal income taxes have been raised to record high levels, and the persons paying have been broadened from 250,000 in 1939 to more than 2,000,000 at present.

Minimum rate of tax on corporations is 40% of profits, and the rate on excess profits is

100%, of which 20% is refundable after the war.

A comparison of total taxes, including the refundable portion, a single man and a married man with two children pay in Canada, the United States and the United Kingdom follows:

INCOME	SINGLE	MARRIED 2 Children
\$700		
Canada	27	....
United States	42	7
United Kingdom	89	....
\$1,000		
Canada	172	....
United States	113	25
United Kingdom	177	....
\$1,500		
Canada	367	49
United States	233	52
United Kingdom	369	91
\$2,500		
Canada	826	435
United States	473	206
United Kingdom	819	463
\$4,000		
Canada	1,594	1,148
United States	877	569
United Kingdom	1,494	1,138
\$10,000		
Canada	5,112	4,546
United States	2,914	2,439
United Kingdom	4,470	4,114
\$20,000		
Canada	11,829	11,063
United States	7,896	7,168
United Kingdom	11,024	10,668
\$30,000		
Canada	19,196	18,230
United States	14,170	13,316
United Kingdom	18,564	18,208

Beginning with the first payroll in April income tax payments were placed on a pay-as-you-owe basis, and the lag between the period in which the liability was incurred and payment made was eliminated. Income tax payments are now deducted from pay envelopes or collected in quarterly instalments. In making the adjustment in payments, 50% of the tax liability on 1942 income was wiped out.

A part of the income tax payments represents a minimum savings portion, which will be refunded to the taxpayer after the war, with interest at 2% annually.

Luxury taxes have been widely increased to cover all forms of tobacco, alcoholic beverages, en-

tertainment and virtually every form of luxury goods or services.

Despite the wide increase in revenues resulting from these measures the deficits of the government have increased greatly. The deficiencies have been met by borrowings.

Borrowing has more than doubled the net debt of the government since the outbreak of war. The increase is shown in the following tabulation:

1944 (est.)	.....	\$9,215,000,000
1943 (est.)	.....	6,307,000,000
1942	.....	4,045,000,000
1941	.....	3,649,000,000
1940	.....	3,271,000,000
1939	.....	3,152,000,000

Most important source of borrowed money has been war loans, details of which follow:

Date of Issue	New Money	Conversion	Total	Number of Subscribers
	—In Millions of Dollars—			
January, 1940...	200	50	250	178,363
September, 1940	300	25	325	150,890
June, 1941.....	731	106	837	968,259
February, 1942.	843	154	997	1,681,267
October, 1942...	992	...	992	2,041,610

Preliminary figures on the Fourth Victory Loan campaign showed that \$1,291,051,150 was subscribed to May 21. The

campaign opened on April 26 and closed on May 15.

The minimum objective of \$1,100,000,000 was exceeded by

a wide margin. It was divided into two classes: \$500,000,000 from "small" or private investors, and \$600,000,000 from cor-

porate and other large investors.

On May 21 the breakdown of these two categories of subscribers was:

	<i>Value</i>	<i>Number</i>
Payroll and general canvass.....	\$512,694,100	2,424,359
Corporations, etc.....	778,357,050	7,590
TOTAL.....	1,291,051,150	2,431,949



Citation on the award to Sergeant Leonard Franklin Williamson, Regina, Saskatchewan, of the first Conspicuous Gallantry Medal (Flying) to be won by a member of the R.C.A.F.

"In April, 1943, this airman was pilot and captain of an aircraft detailed to attack Duisburg. Whilst over the target area the aircraft was hit by anti-aircraft fire. The bomber commenced to vibrate violently while the rudder bar swung loosely. Despite this, Sergeant Williamson continued his run-up and successfully bombed his target. The situation became critical, and Sergeant Williamson gave orders to prepare to abandon aircraft. As no answer was received from the rear gunner, the navigator went to investigate and found that the rear turret had been blown away. The rudder was badly damaged, and all the fuselage to the rear of the beam gun was stripped of fabric. The hydraulic system was out of action, causing the undercarriage to sag and the bomb doors to open. In spite of this Sergeant Williamson kept the seriously damaged bomber headed for home and eventually reached an airfield where he effected a landing. In most hazardous circumstances this airman displayed fortitude and courage of a high degree."

CANADA-U.S. CO-OPERATION

IN THE FIELDS OF DEFENCE, economics and war production Canada and the United States have joined forces through the following committees:

Permanent Joint Board on Defence
Materials Co-ordinating Committee
Joint Economic Committees
Joint War Production Committee
Joint Agricultural Committee

Canada is also a member of the Combined Resources and Production Board with Great Britain and the United States.

On August 17, 1940, at Ogdensburg, New York, Canada and the United States signed the agreement on which co-operation in defence is based.

Recommendations of the defence board have resulted in the construction of a chain of air bases between Edmonton and Alaska and the Alaska Highway. The air bases, built by Canada, were opened to traffic in September, 1941. The opening of the airway proved of great assistance in the construction of the Alaska Highway, which was

built by the United States with the co-operation of the Canadian government. This 1,600-mile highway was opened November 20, 1942, and is reserved for military traffic exclusively.

In order to maintain close co-operation with United States forces, Canada has appointed a "special commissioner for defence projects in Northwest Canada." The commissioner will report directly to the war committee of the cabinet and will exercise a general supervision over all military developments in the area on behalf of the Canadian government as a whole.

Establishment of the Materials Co-ordinating Committee was announced May 1, 1941. Through sub-committees on forest products, copper, zinc and ferro-alloys, the movement of primary materials between the two countries is promoted, available supplies are increased and information exchanged on raw material stocks, production and consumption in the United States and Canada.

The Joint Economic Committees were formed in June, 1941, to act in an advisory capacity

to the governments at Ottawa and Washington on foreign exchange control, economic controls, price policies, tariffs and duties and post-war planning.

At Hyde Park, New York, on April 20, 1941, the Prime Minister of Canada and the President of the United States agreed "as a general principle that in mobilizing the resources of this continent, each country should provide the other with the defence articles which it is best able to produce, and, above all, produce quickly, and that production programs should be co-ordinated to this end."

According to what is known as the Hyde Park Declaration, the United States agreed to buy enough Canadian war goods to enable Canada to pay for essential war materials from the United States.

This measure has proved effective, and Canada now is paying to a large extent for imports by the sale of war supplies to the United States. At present, by economizing in non-essential expenditures of United States dollars, Canada has a small surplus on civilian or non-war

account with the United States.

Canada does not use lend-lease accommodation utilized by other United Nations.

There has been no relaxation in foreign exchange control, which prevents Canadians from obtaining United States currency in Canada for pleasure travelling in the United States.

Formation of the Joint War Production Committee was announced November 5, 1941. The duty of this committee is to reduce duplication, arrange uniform specifications and quick exchanges of supplies, break transportation bottlenecks and exchange information. Ten technical sub-committees carry out the work of the committee.

The Joint Agricultural Committee was set up in March, 1943, to keep agricultural and food production and distribution in Canada and the United States under continuing review in order to further such developments as may be desirable in reference to those phases of wartime agricultural and food programs that are of concern to both countries.

To co-ordinate policies of food

production, and to supervise the preparation of information on Canada's food position, the government has set up the Food Requirements Committee, which works closely with the Combined Food Board of the United Kingdom and the United States.

An exchange of notes, concluded on November 30, 1942, embodied an agreement setting forth the principles which will guide the governments of the United States and Canada and other like-minded governments in approaching the problem of post-war economic settlements. The notes particularly emphasized the similarity of interests on the part of the United States and Canadian governments in post-war international economic policy and the collaboration for mutual aid in defence and economic matters which has been provided through the Ogdensburg and Hyde Park agreements and subsequent arrangements.

Canada is manufacturing \$1,000,000,000 of war material and equipment for the U. S.

In actual military operations Canadian and United States forces have served jointly in

Newfoundland, Iceland and Alaska.

R.C.A.F. units are fighting alongside United States air units in Alaska and the Aleutians, Newfoundland and Labrador. On May 25, R.C.A.F. pilots flying United States Warhawks attacked Kiska.

Canadian navigators, air gunners and wireless operators are serving temporarily in the United States Army Air Force.

It is now the joint responsibility of Canada and Great Britain to maintain the North Atlantic life-line, and United States escort vessels are assisting Canadian and British forces. U.S. military and naval aircraft stationed at Newfoundland and employed in anti-submarine warfare duties are under the direct operational control of the eastern air command, R.C.A.F.

Canadian soldiers are teamed with United States troops in a special service force.

A detachment of Canadian parachute troops trained at Fort Benning, Georgia, during 1942, and United States troops used Camp Shilo, Manitoba, during the winter.

MAY HIGHLIGHTS

- May 1. Major-General Victor Odlum, first Canadian minister to China, arrives in Chungking.
- May 4. The first order is issued under National Selective Service civilian regulations for compulsory transfer of men in the age groups designated under mobilization regulations to essential from non-essential work.
- The Dominion Bureau of Statistics reports an advance in the cost-of-living index from 117.2 on March 1 to 117.6 on April 1, mainly as a result of a rise in food prices. The food index rose from 127.7 on March 1 to 128.7 on April 1.
- The Dominion Bureau of Statistics reports a slight upward trend in employment at March 1, with 13,532 establishments listing a total working force of 1,818,942 men and women compared with 1,816,505 at February 1.
- May 6. There was a 24.3% increase in Canada's national income during the first quarter of 1943 as compared with the same period of 1942, \$1,700,000,000 to \$2,112,000,000, reports the Dominion Bureau of Statistics.
- May 9. A joint medical and dental service plan whereby a member of the United States armed forces on furlough, leave or duty anywhere in the world may receive free medical or dental treatment in a hospital operated by Canadian forces, and the reverse for Canadian forces, is announced by national defence headquarters.
- May 10. In a message to Montreal's Royal Canadian Sea Cadet Corps "Victory," Navy Minister Macdonald states Canada's Sea Cadets now number 10,000 as compared with 3,400 in 1941, and there are 48 Sea Cadet units as compared with half that number in June, 1941.
- A 15-man delegation headed by Dr. G. S. H. Barton, deputy minister of agriculture, to represent Canada at the United Nations food conference at Hot Springs, Virginia, May 18 to June 3, is announced by External Affairs Department.
- F. S. Grisdale, deputy foods administrator for the Wartime Prices and Trade Board, states that only little more than half Canada's total production of meat can be drawn on by Canada's civilian population "if we are going to live up to our obligations (to Britain)."
- May 11. The ration administration, Wartime Prices and Trade Board, announces that 100,000,000 pounds of sugar will be available for home canning this year, about half the quantity asked for by Canadian housewives.
- Hon. Walter P. Jones is appointed premier of Prince Edward Island to succeed Hon. Thane A. Campbell, who becomes chief justice of the province.
- May 12. Gen. Enrique Penaranda, president of Bolivia, the first head of a South American republic to visit Canada, announces his government proposes to accredit "a diplomatic mission before the Canadian government" and will welcome a Canadian mission to Bolivia.
- May 13. Munitions Minister Howe states the coal situation in Canada is regarded as "grave," and the government is giving it the closest possible attention.

MAY HIGHLIGHTS—*Continued*

- May 14. Donations to the Canadian Red Cross Society by Canadians in the last three years have exceeded \$42,000,000, announces the national commissioner.
Labor Minister Mitchell announces a second compulsory employment transfer order.
- May 17. Labor Minister Mitchell makes statement to the House of Commons on a government proposal to use prisoners of war in woodcutting, mining and selected types of agriculture.
The Montreal civilian protection committee reveals an order effective May 10 that lights of towns and villages on the north and south shores of the Lower St. Lawrence River and its Gulf be dimmed out as a defence measure against possible enemy attacks.
- May 18. Harry C. Nixon, newly elected Liberal leader in Ontario, is sworn in as premier of the province, succeeding Premier Gordon Conant. Eric Cross and Farquhar Oliver are sworn in as attorney-general and welfare and public works ministers, respectively.
Coupon rationing of meat for Canadians begins Thursday, May 27, announces the Wartime Prices and Trade Board.
Labor Minister Mitchell announces in the House new Selective Service regulations under which coal miners will not be accepted as volunteers for the armed forces. He states that about 7,000 men have left the mines for other employment since the war began, and about 3,000 of these joined the armed forces.
- May 19. It is announced that the first detachment of Canadian Army officers and non-commissioned officers which had been serving with the British First Army in Tunisia has returned to Britain.
- May 20. Ontario motion picture theatres in war industry districts will be permitted to remain open in the early morning hours for the after-work entertainment of war workers on the 4 p.m. to midnight shift, announces the chairman of the Ontario board of censors.
Air Marshal Harold Edwards, commander-in-chief of the R.C.A.F. overseas, states that 25% of the flying strength of the R.A.F. is now composed of Canadians assigned from the R.C.A.F. to the R.A.F.
- May 22. Clement Attlee, acting British prime minister, in a cable to Prime Minister King, states Canada's financial contributions to the United Nations "have not only added immeasurably to common reserves in fighting for freedom but have prevented accumulation of war debt which would be a burden on prosperity of the world in years to come."
- May 23. Sir William Beveridge in a C.B.C. broadcast states Canadians are capable of making their own social security plans.
Premier William Aberhart, 64, head of Alberta's Social Credit government, dies in Vancouver.
- May 25. The Wartime Prices and Trade Board chairman, Donald Gordon, states pressure will increase on Canada's economic stabilization program in 1943 and there is danger of the price ceiling breaking if wage rates and farm prices are not maintained.
- May 26. Queen Wilhelmina of the Netherlands arrives in Ottawa by air from Britain.

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"We are accomplishing wonders in production, both in quantity and quality. We are producing things we never dreamed of before the war, and we are doing it by mass production. We are producing things with great difficulty and at low cost. We are maintaining this production despite long hours of overtime, despite shortages of materials and despite many other difficulties. We are keeping up this production effort despite the shifts which must be made in our production program—shifts to meet the changing circumstances of battle or necessitated by the completion of our initial equipment."

HON. J. L. ILSLEY, *Minister of Finance.*

John Pearson

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